

FINANCIAL AID DEVELOPMENTS

By Kim Slote, Policy Analyst

LOAN SERVICING INFORMATION

The U.S. Department of Education published an [Electronic Announcement](#) Sept. 6, 2013 on Perkins Loan Servicing Information-Federal Perkins Loan Assignment Changes and Borrower Transition to New Servicer. Beginning Oct. 1, 2013, schools submit new Federal Perkins Loan assignments to the ECSI Federal Perkins Loan Servicer in Coraopolis, Pa. Federal Perkins Loan assignments previously rejected by the USDE resubmitted on or after Oct. 1, 2013 will also be sent to the ECSI Federal Perkins Loan Servicer. The current OMB-approved assignment form with the expiration date 11/30/2015 will be required with all new and resubmitted assignments. An attachment with a copy of the form and additional information on the liquidation and assignment of the Federal Perkins Loan Portfolio, last updated Sept. 27, 2013, can be found in this [Electronic Announcement](#) originally published by the USDE on April 19, 2013. The USDE transferred Federal Perkins Loans already assigned to ACS (Xerox) to ECSI Federal Perkins Loan Servicer on Nov. 1, 2013.

On Sept. 6, 2013, the USDE published an [Electronic Announcement](#) on Loan Servicing Information-Direct Loan Servicing Center (ACS) Transfer Completion and Availability Information. All status change requests received were forwarded to new servicers through Sept. 30, 2013. Effective Oct. 1, 2013, new status change requests received by the Direct Loan Servicing Center will be discarded. No requests will be forwarded to the new servicers. Also beginning Oct. 1, the Direct Loan Servicing Center only has informational messaging available. All Direct Loan Servicing Center support and messaging were to end Nov. 16, 2013.

The USDE published an [Electronic Announcement](#) on Sept. 20, 2013 titled Loan Servicing Information-Need Financial Aid Community's Assistance in Limiting Misdirected Calls to Direct Loan Servicing Center (ACS). This announcement asks for the financial aid community to assist in directing calls to the correct parties and provides information on where questions should be directed. The Direct Loan Servicing Center experienced a higher call volume than expected and no longer has borrower loan information on their system. New servicers are now fully responsible for handling all questions related to borrower's transferred loans.

The latest [Electronic Announcement](#) published by the USDE on Sept. 30, 2013 is titled "Loan Servicing Information-Direct Loan Servicing Center (ACS) Closed." This announcement summarizes information from previous announcements and provides transfer related reminders. Schools can identify the new servicer by checking the National Student Loan Data System's Professional Access website, while borrowers can check NSLDS Student Access websites.

SCHOOL CONTACT CENTERS

On Sept. 13, 2013, the USDE published an [Electronic Announcement](#) Introducing Reach FSA-a simplified way for the financial aid community to access Federal Student Aid School Contact Centers. Reach FSA is a new phone line that provides the option of calling one number, 1-855-FSA-4-FAA (1-855-372-4322), to reach the following 10 FSA School Contact Centers:

- Campus-Based Call Center

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- COD School Relations Center
- CPS/SAIG Technical Support
- eZ-Audit Help Desk
- Federal Student Aid Research and Customer Care Center
- Foreign Schools Participation Division
- G5 Hotline
- NSLDS Customer Support Center
- Nelnet Total and Permanent Disability Servicer
- School Eligibility Service Group

Reach FSA is a new resource that helps callers from the financial aid community to identify the appropriate contact center to address their questions, then transfers them to the contact center's current Interactive Voice Response Unit. It is important to note that this number should not be shared with students or borrowers.

DIRECT LOAN INTEREST RATES

The USDE published an [Electronic Announcement](#) Sept. 13, 2013 with Interest Rate Information on the Direct Loan Master Promissory Notes and TEACH Grant Agreement to Serve. This announcement clarifies the interest rate information for MPNs signed prior to July 1, 2013 for Direct Subsidized, Direct Unsubsidized and Direct Plus Loans, where the first disbursement is on or after July 1, 2013. A new Master Promissory Note is not necessary as the interest rate changes made by the Bipartisan Student Loan Certainty Act of 2013 will apply as long as the first disbursement is on or after July 1, 2013. If a TEACH Grant is converted to a Direct Unsubsidized Loan, the interest rate charged will be based on the date the TEACH Grant was first disbursed. The applicable interest rate will be the rate that was

in effect for Direct Unsubsidized Loans on the date of the first TEACH Grant disbursement. The USDE is currently in the process of updating the Direct Loan Program's promissory notes to reflect the new interest rate information. The old MPN will remain valid for use until the updated forms have been approved by the Office of Management and Budget.

COHORT DEFAULT RATES

In September, there were several Electronic Announcements from the USDE regarding cohort default rates. The announcements are listed below with links to important information, including dates to begin appeals and instructions for submitting requests for adjustments.

- [FY 2011 2-Year Official Cohort Default Rates Distributed Sept. 16, 2013](#)
- [FY 2010 3-Year Official Cohort Default Rates Distributed Sept. 23, 2013](#)
- [National Default Rate Briefings for FY2011 2-Year Rates and FY 2010 3-Year Rates \(Sept. 30, 2013\)](#)
- [Cohort Default Rate Guide for Guaranty Agencies and Lenders for FY 2011 \(Sept. 30, 2013\)](#)

TECHNICAL

On Sept. 18, 2013, the USDE published an [Electronic Announcement](#) on the Availability of MyStudentData Download Record Layout for 2014-2015 FAFSA on the Web. This FAFSA on the Web function allows students to download processed results from their Free Application for Federal Student Aid into a machine-readable, plain text file. The record layout will also assist software vendors in designing new

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tools for students to maximize the usefulness of the data.

FEDERAL REGISTERS

The USDE published an [Electronic Announcement](#) on Sept. 19, 2013 regarding a Notice of Establishment of Negotiated Rulemaking Committee. The USDE announced its intent to establish a negotiated rulemaking committee to prepare proposed regulations that would address changes to campus safety and security reporting requirements in the Clery Act made by the Violence Against Women Reauthorization Act of 2013. Nominations for individual negotiators to serve on this committee were due Oct. 21, 2013. The [Federal Register](#) notice issued by the USDE related to this announcement was published on the same day with additional information. The schedule for negotiations is as follows. Sessions will run from 9 a.m. to 5 p.m.

- Session 1: Jan. 13-14, 2014
- Session 2: Feb. 24-25, 2014
- Session 3: March 31-April 1, 2014

A [Federal Register](#) was published by the USDE on Sept. 20, 2013 with Final Regulations-Technical Changes related to Program Integrity Issues. These changes only make technical amendments to final regulations initially published in the Federal Register Oct. 29, 2010 and are effective immediately. This document amends the Student Assistance General Provisions in accordance with the court ruling by the D.C. Circuit Court in 2012 in *Association of Private Sector Colleges and Universities v. Duncan*. The D.C. Circuit determined that the USDE's misrepresentation regulations exceeded the HEA's limits in three areas:

- By allowing the secretary to take certain enforcement actions against schools without procedural protections;
- By prohibiting misrepresentations with respect to subjects that are not set forth in the relevant provisions of the HEA;
- And by defining the term "misrepresentation" to include statements that have the likelihood or tendency to confuse.

The subject regulatory provisions were amended or removed in order to make the USDE's regulations consistent with the court's opinion.

On Nov. 1, 2013, the USDE published a [Federal Register](#) with the Final Rule for the Title IV Student Loan Program. These final regulations address Part II of the changes made to the HEA by the SAFRA Act included in the Health Care and Education Reconciliation Act of 2010. There are a number of significant changes and everyone is encouraged to review the final rules. The effective date is July 1, 2014, unless otherwise indicated for early implementation.

REFERENCE GUIDE

On Sept. 19, 2013, the USDE published an [Electronic Announcement](#) on the availability of the 2014-2015 Expected Family Contribution Formula Guide. The guide includes EFC worksheets and tables for the 2014-2015 processing cycle and can be used to calculate an estimated EFC for students.

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TRAINING

On Sept. 20, 2013, the USDE published a Dear Colleague Letter [ANN-13-13](#) regarding Training Workshops-Fundamentals of Federal Student Aid Administration. The training workshops are scheduled for October 2013 through September 2014 at one of the USDE's regional training facilities. Each in-person workshop is four and one half days in length. All participants wishing to register for and attend a Fundamentals of Federal Student Aid Administration workshop must successfully complete an online course titled 'Introduction to Federal Student Aid' first. The online course can take up to 20 hours to complete. The DCL has a number of questions and answers dealing with who should register and how, along with a schedule and location of all the in-person training workshops.

On Sept. 30, 2013, the USDE published an [Electronic Announcement](#) with additional information about the 2013 Federal Student Aid Training Conference *for Financial Aid Professionals*. With over 4,000 financial aid professionals already registered for the conference, both Mandalay Bay and THEHotel are sold out on peak nights. Some rooms may be available at the prevailing rate if the conference rate is not available. Meal and break times will not be scheduled, so you can schedule your day according to the sessions you want to attend. A draft agenda and session descriptions are now available at <http://www.fsaconferences.ed.gov/program13.html>. Be sure to have a back-up session selected in case your first choice is full. Food and refreshments will be available at a discounted price within the vicinity of the conference sessions. Be sure to check the FSA Training Conference website for more information and updates.

The USDE published a Dear Colleague Letter [ANN-13-17](#) on Nov. 7, 2013 on a Live Internet Webinar – Default Aversion and Management. This session discusses the cohort default rate process and default management, to include effective default prevention strategies. The training will be held for one hour on four different dates.

- Nov. 19 at 11 a.m. (ET)
- Nov. 21 at 3 p.m. (ET)
- Dec. 10 at 4 p.m. (ET)
- Dec. 12 at 12 p.m. (ET)

To register for the training, use the following link <http://fsaregistration.ed.gov/d/w4qk7t>.

On Nov. 7, 2013, the USDE published Dear Colleague Letter [ANN-13-18](#) on a Training Resource – 90/10 Regulation and Calculation Presentation Materials. The transcript and handout for a webinar on the 90/10 Rule that was originally offered with the 2011 Business Officer Training series are now available. The presentation materials are available as a refresher on this topic for proprietary institutions of higher education. Follow this link <http://www.ed.gov/FSA/training/downloads.html> to view and download the transcript and handout.

SUPPLEMENTAL CAMPUS-BASED AWARDS

The USDE published an [Electronic Announcement](#) on Sept. 25, 2013. This announcement was updated on Sept. 27, 2013 and focuses on 2013-2014 Supplemental Campus-Based Awards. Information is provided on how 2013-2014 supplemental award funds for each Campus-Based program will be

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distributed and how schools will be notified. Since there were no new Perkins Loan funds appropriated for the 2012-2013 Award Year, no Perkins Loan funds will be available through the supplemental process for the 2013-2014 Award Year. The update on Sept. 27, 2013 was to clarify that all supplemental Federal Work-Study Funds are to be used to compensate students employed in community service activities and that at least five percent of a school's total 2012-2013 FWS allocation must have been spent compensating students employed as reading tutors of children or in family literacy activities as part of its community service activities.

CPS ONLINE ERROR

The USDE published an [Electronic Announcement](#) Oct. 7, 2013 with an Issue Alert: FAA Access to CPS Online Users Receiving Error When Correcting Financial Information if Applicant Modified Transferred IRS Data. This issue discovered by the USDE was preventing users from correcting student financial information under certain circumstances. FAA Access users are only impacted if the applicant modified financial data transferred from the Internal Revenue Service in FAFSA on the Web. The system error was triggered only if all the following circumstances occurred.

- The applicant or parent used the IRS Data Retrieval Tool in FAFSA on the Web to transfer tax return information into the FAFSA;
- The applicant or parent subsequently corrected (on the current or a subsequent transaction) the financial information he or she transferred from the IRS; and

- The school uses the FAA Access to CPS Online website to correct the financial information back to the original data that was transferred from the IRS.

Until the USDE implements a resolution to this issue in the next release of the FAA Access to CPS Online website, schools will need to ask the applicant to submit the correction(s) to the financial information in question using FAFSA on the Web. The next release will be available as of Dec. 29, 2013. Contact information is available in the announcement for those with additional questions.

REPAYMENT PLANS

On Nov. 1, 2013, the USDE published an [Electronic Announcement](#) titled USDE Launches Income-Driven Federal Student Loan Repayment Campaign. To ensure that all federal student loan borrowers are aware of their affordable repayment options, the USDE began sending e-mails to targeted groups of borrowers. The target groups include borrowers who:

- Have grace periods that will end soon,
- Have fallen behind on student loan payments,
- Have higher-than-average debts, and
- Are in deferment or forbearance because of financial hardship or unemployment.

The e-mails will be distributed through mid-December and will prompt borrowers to access resources designed to educate them on repayment options and how to apply.